# Exhibit E

# KING COUNTY PARKS

# Focus Groups Executive Summary January 2003

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# RESEARCH OBJECTIVES

The focus group research conducted for King County Parks addressed the following objectives:

- 1. Examine attitudes toward King County government in general, and King County Parks, in particular. Explore perceptions of the recent and current funding problems and confidence in whether or not acceptable solutions can be found.
- 2. Gather feedback on the recommendations made by the Task Force.
- 3. Evaluate several proposed budget options for 2004 and 2005, explore which option has the most support and reasons for that support.
- 4. Examine reactions to a series of statements about Parks funding and assess what kinds of messages residents agree with.

# **METHODOLOGY**

Hebert Research conducted two focus groups of King County residents on Monday, January 20, 2003. The groups were held at Hebert Research's Bellevue facility. A total of 30 individuals participated (15 per group). Participants were randomly selected from among the general population of county residents, and were told the group was sponsored by King County and was regarding important community issues. While voter status was not a screener, all but one participant was a registered voter.

The groups were segmented by geography as follows:

- Group 1 Residents of Eastside and South King County
- Group 2 Residents of Seattle

The demographic composition of each group was fairly typical for Seattle and suburban residents, with more renters in the Seattle group and more families with children in the suburban group. Ages of the participants ranged from the 30s to the 60s with a few individuals younger or older.

Research assistants of Hebert Research initially interviewed the participants in order to determine their eligibility and willingness to attend the focus group discussion. Those individuals who expressed a willingness to attend the focus group received written confirmation of the session by mail. Final confirmation involved a telephone call the day before the focus group was scheduled.

The object of a focus group is to assess qualitative responses; the methodology involved is particularly useful in providing a greater depth of understanding than can be acquired through quantitative techniques. The individual responses and group interactions are important in observing and analyzing reactions to various questions. Group unanimity is more conclusive than group division; division among group members indicates segmentation is occurring. It is important to remember that when analyzing focus group findings one should not draw quantitative conclusions to questions, but only formulate hypotheses.

Hebert Research has made every effort to produce the highest quality research product within the agreed specifications, budget and schedule. However, market research can predict consumer reaction and market conditions only as of the time of the sampling and within the parameters of the project.

# INITIAL PERCEPTIONS ABOUT KING COUNTY, PARKS AND BUDGETS

# Objective:

Examine perceptions regarding problems or issues facing residents in King County, attitudes toward county government and budget shortfalls (if known before the concepts were read).

# Findings:

Residents indicated being concerned with major issues such as traffic, affordable housing and the economy, and felt the quality of life in King County rated fairly high.

Nearly all participants had at least a general awareness of budget shortfalls in government, at some level in Washington State, and most had heard that King County has been facing budget shortfalls and was having to make cuts in services. Several individuals in each group mentioned specific changes in parks, such as closing or transferring a park or pool, or introducing new user fees.

When probed about whether it was better for city and county government agencies to cut budgets across the board or make cuts in specific areas, participants expressed a preference for prioritizing and looking at areas of greater or lesser need rather than simply cutting the same amount across all departments. They generally saw across-the-board cuts as an easy but not necessarily wise or efficient way to manage budget shortfalls.

Many in both groups agreed that theoretically there were probably ways of trimming budgets by finding pockets of unnecessary or wasteful spending that had not yet been explored. Both groups indicated they felt that salaries paid to top county officials and managers were excessive and they perceived that while leaders were quite willing to cut staff and the salaries of workers below them, they themselves were not willing to trim their incomes.

In general (including comments at the end of the groups), the consensus was that King County government was on the "wrong track." It was seen as largely being out of touch with voters and as being unable to provide effective solutions to local and regional problems. There were some differences by group. The Eastside/South County group tended to emphasize the size of the government bureaucracy, partisan politics leading to indecision, and the lack of representation from suburbs, while the Seattle group tended to emphasize the aloofness of high-paid managers and the fact that the county is not actively engaged in solving problems. As one Seattle participant remarked "the county doesn't seem to be on any track."

# CONFIDENCE IN ABILITY OF COUNTY AND PARKS TO RESOLVE FUNDING SHORTFALLS

# Objective:

Participants were read statements about the actual King County and Parks budget shortfalls and were asked about their confidence that solutions could be found to eliminate these shortfalls.

# **COUNTY DEFICIT**

After cutting \$40 million in 2002 and \$52 million in 2003, King County's general fund budget is still facing a shortfall of about \$25 million per year in 2004 and 2005. This has been caused by several factors including the economic downturn, annexations and incorporations and voter initiatives. All general government agencies at the County have made cuts including human services, public health, the courts, the sheriff, jails and more.

#### PARKS BUDGET REDUCTIONS

Total King County Parks funding levels dropped from \$25.5 million in 2002 to \$16.4 million for 2003—a 35% reduction. More than half of the \$16.4 million budget in 2003 will be supported from general county tax dollars (property tax and sales tax); the rest of the parks budget will be supported by user fees and other revenues generated by the park system. Because the County anticipates a total \$25 million shortfall in revenues in 2004 and beyond, this likely means the Parks Department will face additional budget reductions next year, and the year after. The Parks Department has already reduced staff, transferred facilities to cities and raised user fees to meet this year's (2003) budget amount.

# Findings:

Participants did not question the existence of the county's budget problem.

While there was a general understanding that local government had to maintain balanced budgets, few in either group had confidence that King County would be able to trim its budgets in a way that would minimize any major impacts on services. There was skepticism that King County government could fundamentally change the way it does business to avoid simply cutting services, in the face of budget shortfalls.

After hearing specific details of the Parks funding shortfalls and cuts already made, there was little confidence that Parks management could further reduce their budgets without creating major negative impacts on quality of facilities and services. Most felt that since the department had already undergone large cuts and reductions in service, it would be difficult to find additional places to cut.

# REACTION TO TASK FORCE SOLUTIONS TO DATE

# Objective:

Explore the reactions of participants to the task force solutions that have been proposed and implemented to date.

# Findings:

Participants generally liked the funding solutions recommended by the task force and were impressed with the progress to date. They generally saw the solutions as appropriate to the scale of the problem and they approved of the non-traditional concepts like corporate sponsorship and cooperation with nonprofit groups. The "regional focus" was acceptable to most residents. Several in the Seattle group were sensitive to the issue of returning parks to the cities because of a concern that parks overall might lose out when the cities have problems maintaining them. Organizing within communities to allow citizens to have a voice in the transfer process was seen as a good solution.

# FUNDING OPTIONS FOR 2004/2005

# Objective:

Review several funding options for 2004 and 2005 and discuss which option, or combination of options makes the most sense to residents. These options are listed below:

#### **Option A:**

Take bigger cuts from other County services and close some more parks, but do not raise taxes.

#### Option B:

Create a new special purpose taxing district for parks that would assume ownership of the County's parks, and levy its own taxes in support of the parks.

# **Option C:**

Raise property taxes for a limited period of time (3 to 6 years) in support of parks; seeking renewal of the levy in the future as needed. A levy could be structured in several different ways:

- 4 cent regional park, open space and trail levy. Fund only the County's existing regional parks, open space, trails, and regional recreation facilities. A 4 cent levy would cost \$10 a year for a house valued at \$250,000. Use other county revenues to support local parks in the unincorporated urban areas.
- 5 cent levy funding existing County park system. Fund the entire County system, including both regional parks, and local parks in the unincorporated and rural areas. A 5 cent levy would cost \$12.50 per year for a house valued at \$250,000.
- 12 cent levy funding County parks with money also for city-owned parks. Fund the entire County system and provide equity for city-residents by providing matching funds to cities for city parks. A 12-cent levy would cost \$30 per year for a house valued at \$250,000.

#### **Option C+:**

To any of the above levies (4 cent, 5 cent, or 12 cent), an amount (an extra penny or two, perhaps) could be added money for system growth, other regional non-County owned assets (i.e. Woodland Park Zoo), or partnerships with private non-profit sports groups (who may need seed funding to get started such as buying an industrial lawn mower to maintain facilities).

#### Option D:

If a change in state law were secured, parks could be sold and the proceeds placed into a trust account, the interest on which could be spent to maintain remaining parks. Some of the former park facilities could be developed into residential housing, which would be one major use for potential buyers. In order for this option to have a significant impact on budgets, a fairly large portion of total parks lands would need to be sold, so that the trust account could be large enough to pay a substantial interest amount.

#### Findings:

The overall consensus of both groups was that a 4 or 5 cent levy (Option C) would be the most acceptable and feasible option. The levy option was supported for being straightforward, specific, and affordable. The temporary aspect also appealed to some of

the participants. When asked about the term, a 6 year term would work. Residents generally did not feel that having a term guaranteed that the taxpayers were protected from permanent increases. Once it was in place, many felt that it would be difficult to remove. The 12 cent option was not supported by the majority; many were not sure it was needed.

Option A, with its further cuts and no tax increase, was not supported by either group because no one wanted to see additional parks or pools closed. Option D, which entailed selling park assets, had an even stronger negative response. The special parks improvement district concept of Option B had the most interest outside of the levy option, but was only liked by a small segment of each group. The reason for this was that 1) residents anticipated an increase in bureaucracy, increase in cost and loss of efficiency in park operations; and 2) a parks district proposal, as it was worded, was unsettling because it did not provide any specifics as to how this organization would operate, how much it would cost residents or how well it would manage park resources. On the positive side, many liked the idea of parks being completely separate (and therefore "insulated") from competition for general King County funds.

The Seattle group differed somewhat from the Eastside/South County group in its preferences for both the levy (Option C) and the improvement district (Option B) concepts. They did not like the improvement district option by itself, because of the expected increases in costs and unknowns, but they liked the idea of separating parks from the rest of government services. They liked the 5 cent levy and many also liked the 12 cent levy, for being specific and affordable. Support for the 12 cent levy was driven by an interest among several in seeing the city parks supported. When the group was allowed to create their own combination proposal, they strongly preferred a special improvement district, where the increase was specific and affordable (as in the levy). To achieve this, they suggested that all city and county parks throughout the county should all be merged into one giant parks district, achieving some economies of scale, and that there should be aggressive corporate sponsorships of city as well as county parks.

One of the major takeaways from both groups was the need for citizens to know they are getting accountability. In both groups the issue of the stadium was raised as a recent example of government "deciding to do it anyway" even when voters say otherwise. One participant remarked, "as a lay person, it is hard to tell where it is all going."

Credibility was another key related issue. Because of their concerns with the effectiveness of King County government in general, many had a hard time trusting that the County government would spend the extra funds wisely or fully deliver on the promises made. Part of the resistance to the 12 cent levy versus a 4 or 5 cent levy was due to not knowing how the county was going to divide up all of the 7 extra cents among the various cities and implement this option.

Finally, both groups were very clear about their own personal financial interests in the options: money was not the issue for the 4, 5 or even 12 cent levy options – the deciding factor was how effectively the money was going to be used and whether or not it was really solving the problem. However, the special improvement district, with its unknown

taxing levels, did pose a concern from many of the residents, not necessarily because they couldn't afford more than 12 cents, but because they were afraid it would mean their tax dollars would be "wasted" on additional layers of management.		

# REACTIONS TO STATEMENTS

# Objective:

Examine reactions to a series of statements about Parks funding and assess what kinds of messages residents agree with.

# Findings:

#### **First Set of Statements**

- "King County Government is focusing on its priorities as a regional government."
- "King County Parks is doing business differently, being more entrepreneurial and business-like in the way it manages its parks—for example having a concert series at Marymoor will help generate revenue that can pay for the cost of maintaining the park."
- "\$12 a year—a dollar a month—is a small investment to maintain our legacy of regional parks, trails and open space."
- "A parks levy will help keep our parks and regional facilities open—treasured assets such as Cougar Mountain Park, the King County Aquatic Center, Marymoor Park."

The first statement on the regional government focus did not resonate well in either group. They didn't like the tone of the statement, which they perceived as conveying an image of being arrogant or aloof, unilaterally going after "it's priorities" as opposed to the priorities of King County residents.

The second statement did not sit well with participants because, even after all of the recent Parks Department budget reductions and innovations were read, they had a hard time believing the department was really fundamentally changed. As one participant said, "I don't see it." This is related to the credibility issues of many residents. It will be difficult to quickly convince with a few paragraphs that the Parks department is truly "new and innovative."

The statement "\$12 a year...small investment" was well liked among most residents.

The fourth statement was not generally liked. Many objected to the wording "help keep" parks open because they felt that the whole purpose of a levy was to provide for or guarantee that the major facilities would be open. They would prefer wording that demonstrated accountability and confidence that needs would be taken care of if a levy were used.

#### **Second Set of Statements**

- "King County needs to re-prioritize and cut deeper into government to maintain our park system: parks should be a priority, not something for which we are asked to pay more taxes."
- "Any park levy should include parks in Seattle and other cities. It's not fair to ask just to pay for regional parks, since most of those are located in the unincorporated and rural areas."
- "King County is always asking for more taxes; a parks levy is just one more time that they're coming after us."
- "We're in a recession. Now is not the time to be asking for a levy to maintain the park system."

Less than half of the Eastside/South group and a smaller segment of the Seattle group liked or agreed with the first statement on cutting deeper into budgets. A majority felt that being asked for more taxes was appropriate and disagreed with the implications of the statement (that parks could be better funded if it was more of a priority).

Several in each group agreed with the second statement on including cities in "any park levy."

The third statement on "always asking for more taxes" perfectly described the thinking of most in the East/South group but those in the Seattle group disagreed, stressing that the problem is more one of lack of funding from voter initiatives and other causes. As one resident put it, "the funding was ripped out from under us."

The last statement on how now is "not the time" to ask for a levy in a recession was not liked by either group. Both groups felt that the 4-12 cent levy would not be a financial hardship for anyone and generally saw the levy as a necessary measure to maintain services.

# **CONCLUSIONS**

The following conclusions were developed from the focus group discussions:

- 1. A 4 or 5 cent levy was generally acceptable to residents and seen as a reasonable solution to the coming 2004 budget shortfall. It was straightforward, specific and very affordable. The 12 cent option was not as appealing because residents were not sure it was necessary.
- 2. A special improvement district was not broadly supported because it was not well defined and would likely cost more and add additional layers of bureaucracy.
- 3. Other options were either not supported at all or by only a few participants. Few wanted to maintain taxes while watching more parks close, and no one wanted to raise funds by selling off park assets.
- 4. Core issues for participants were accountability, credibility and effectiveness. In order to support a levy, participants wanted to know that county government would be held accountable to the public and staff would have the ability to effectively implement the plan to obtain the desired results. These issues generated much more discussion than the size of any proposed levy amount.

# KING COUNTY PARKS Resident Focus Groups Moderator's Outline January 2003

#### Version 1

Introduction of the moderator.

Explanation of rules and procedures for the focus group.

Introduction of the focus group participants.

- 1. Let's go around the room and introduce everyone, tell us where you live and a little about yourself.
- 2. How would you rate the quality of life in King County? What are the things you most value about living here?
- 3. What are some of the most important issues or problems that are facing residents of King County?
- 4. Local city and county government provide a range of services, such as police, fire, roads, parks, and human services, among others. In your opinion, if governments are forced to make large budget cuts, do you think budgets should be reduced across all programs and services or only in certain areas? [PROBE FOR WHICH AREAS, IF APPLICABLE]
- 5. Have you heard anything about King County's budget shortfalls? What have you heard about it?

# MENTION COUNTY DEFICIT

After cutting \$40 million in 2002 and \$52 million in 2003, King County's general fund budget is still facing a shortfall of about \$25 million per year in 2004 and 2005. This has been caused by several factors including the economic downturn, annexations and incorporations and voter initiatives. All general government agencies at the County have made cuts including human services, public health, the courts, the sheriff, jails and more.

6. How confident are you that the County can figure out how to reduce the deficit for 2004 and bring spending back into line with revenues?

#### TRANSITION INTO PARKS DEPARTMENT

7. Has anyone heard about what King County Parks is doing about its budget cuts and funding challenges? What have you heard?

### PARKS BUDGET REDUCTIONS

Total King County Parks funding levels dropped from \$25.5 million in 2002 to \$16.4 million for 2003—a 35% reduction. More than half of the \$16.4 million budget in 2003 will be supported from general county tax dollars (property tax and sales tax); the rest of the parks budget will be supported by user fees and other revenues generated by the park system. Because the County anticipates a total \$25 million shortfall in revenues in 2004 and beyond, this likely means the Parks Department will face additional budget reductions next year, and the year after. The Parks

Department has already reduced staff, transferred facilities to cities and raised user fees to meet this year's (2003) budget amount.

8. How confident are you that the Parks staff and management will be able to make the significant cutbacks necessary or find other revenue sources to maintain the department in 2004 and 2005 without severely compromising the quality of facilities and services we are used to receiving? Why?

# TASK FORCE RECOMMENDATIONS

The County's budget crisis has forced King County Parks to re-think the way it provides park and recreational facilities. The Parks Department has been working to reduce its need for funding from the county's general tax dollars, through a range of different solutions that have been recommended by a special task force representing budgeting staff, different areas of the county and the user groups affected.

The first solution was to focus the Park system on taking care of the larger or "regional" park and pool facilities and public assets that are used by a broad base of county residents, such as Marymoor Park, and transfer responsibility of smaller local parks that are inside the cities to those cities. The smaller parks in the unincorporated areas would still be served since the county is the "local government" for those areas. In the last year, King County Parks transferred 8 of 10 in-city pools and 13 parks to the cities. Two pools were not able to be transferred and were mothballed.

A request for proposals was sent out asking for businesses to submit proposals for public-private partnerships for corporate sponsorships and other revenue generating ideas.

Taking these steps over the past year is estimated to have saved over 4 million dollars for King County parks in 2002 and could save as much as \$1 million more in 2003.

9. Overall what do you think of these ideas that the Task Force recommended and the progress that was made? [PROBE FOR SPECIFIC LIKES/DISLIKES]

# PARKS FUNDING OPTIONS UNDER CONSIDERATION

Because of the continuing budget shortfalls in King County government, the Parks budget may face further cuts. If the Parks budget cannot be maintained, more parks will be closed.

I'd like to briefly review with you a list of funding options and get your feedback on each one.

#### **Option A:**

Take bigger cuts from other County services and close some more parks, but do not raise taxes. Discussion: Reduce expenditures and service levels for the sheriff, courts, public health, human services, and unincorporated area roads in order to avoid major closure of the park system. It is not expected that enough money could be transferred to avoid all impact on parks: additional parks would still have to be closed during the winter months, and maintenance levels would be further reduced. This might take the form of slower response time for cops, less child immunizations, having to travel further to municipal court, slower work on road projects, less money for domestic violence programs, etc.

10. What is your reaction to this option? Why?

# **Option B:**

<u>Create a new special purpose taxing district for parks that would assume ownership of the</u> County's parks, and levy its own taxes in support of the parks.

*Discussion*: A new taxing district could take several forms under state law. It would have the authority to levy property taxes and operate and maintain parks, as well as to buy new parks, trails and other recreational facilities.

11. What is your reaction to the idea of a special taxing district? Why?

# **Option C:**

Raise property taxes for a limited period of time (3 to 6 years) in support of parks; seeking renewal of the levy in the future as needed. A levy could be structured in several different ways:

- 4 cent regional park, open space and trail levy. Fund only the County's existing regional parks, open space, trails, regional recreation facilities. A 4 cent levy would cost \$10 a year for a house valued at \$250,000. Use other county revenues to support local parks in the unincorporated urban areas.
- 12. Would you support a 4 cent levy? Why?
  - 5 cent levy funding existing County park system. Fund the entire County system, including both regional parks, and local parks in the unincorporated and rural areas. A 5 cent levy would cost \$12.50 per year for a house valued at \$250,000.
- 13. Would you support this levy? Why?
  - 12 cent levy funding County parks with money also for city-owned parks. Fund the entire County system and provide equity for city-residents by providing matching funds to cities for city parks. A 12-cent levy would cost \$30 per year for a house valued at \$250,000.
- 14. Would you support this levy? Why? If you thought of it as \$2.50 a month, would you be more inclined to vote for it?

# **Option C+:**

To any of the above levies (4 cent, 5 cent, or 12 cent), an amount (an extra penny or two, perhaps) could be added money for system growth, other regional non-County owned assets (i.e. Woodland Park Zoo), or partnerships with private non-profit sports groups (who may need seed funding to get started such as buying an industrial lawn mower to maintain facilities).

15. How willing would you be to add an additional amount of 1-2 cents for one of these purposes? Which of these uses would you be willing to support with an extra cent added to the levy? Why?

# **Option D:**

If a change in state law were secured, parks could be sold and the proceeds placed into a trust account, the interest on which could be spent to maintain remaining parks. Some of the former park facilities could be developed into residential housing, which would be one major use for potential buyers. In order for this option to have a significant impact on budgets, a fairly large portion of total parks lands would need to be sold, so that the trust account could be large enough to pay a substantial interest amount.

16. What do you think of this option? Would you be willing to give up park assets and lands in exchange for more funding for maintenance?

#### LENGTH of LEVY

17. For those of you that support a 4 cent levy, would you support it more or less if it lasted 6 years (we first mentioned a 3-6 year period) and then needed to be renewed by another vote? What about if it lasted 8 years? What if it was permanent?

#### **OTHER FUNDS**

18. Would you support or oppose diverting County road money to pay for parks? This is legally possible, but as a matter of policy, the County has not done this to any great extent. What if it meant that the size of a parks levy could be reduced?

### **WRAP UP**

19. Now that you have heard all of the options, which option or which combination of options really makes the most sense to you? Why is that?

#### **RIGHT/WRONG TRACK**

20. Do you think things are on the right track or wrong track in King County? Why (identify areas of concern/optimism).

#### REACTION TO STATEMENTS

- 21. I'd like to read you four statements and get your reaction to them. [READ]
  - "King County Government is focusing on its priorities as a regional government."
  - "King County Parks is doing business differently, being more entrepreneurial and business-like in the way it manages its parks—for example having a concert series at Marymoor will help generate revenue that can pay for the cost of maintaining the park."

- "\$12 a year—a dollar a month—is a small investment to maintain our legacy of regional parks, trails and open space."
- "A parks levy will help keep our parks and regional facilities open—treasured assets such as Cougar Mountain Park, the King County Aquatic Center, Marymoor Park."
- 22. Now I'd like you to evaluate four additional statements: [READ]
  - "King County needs to re-prioritize and cut deeper into government to maintain our park system: parks should be a priority, not something for which we are asked to pay more taxes."
  - "Any park levy should include parks in Seattle and other cities. It's not fair to ask just to pay for regional parks, since most of those are located in the unincorporated and rural areas."
  - "King County is always asking for more taxes; a parks levy is just one more time that they're coming after us."
  - "We're in a recession. Now is not the time to be asking for a levy to maintain the park system."

DISCUSSION OF KING COUNTY AS A GOVERNMENT AGENCY [PLACED LAST TO AVOID COLORING THE EARLIER DISCUSSIONS]

- 24. What is your overall opinion of King County as a government agency? How does it compare with city governments or other government agencies?
- 25. Can you identify a service that King County provides to the public that you think they do a particularly good job on or a particularly bad job on?
- 26. **[PROBE:]** Did you know that King County runs the bus system? The sewage treatment system? A regional park system? The public health system? The sheriff's office? The superior courts? The regional jail?
- 27. In your opinion, how does King County do in terms of managing its financial resources and budgets? How would you rate the State of Washington? Your local city?

#### FINAL CHANGES IN SUPPORT?

28. In closing, have any of you changed your mind about the options or choices we discussed as we've been going through the focus group? [COUNT OF SUPPORT FOR 4 CENT LEVY, OTHERS]

Thank you for your participation!